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Approved For Release 2006/01/17 : CIA-RDP80B01495R000600150030-0

DDI-29127D

MEMORANDUM FOR: Deputy Director for Intelligence
SUBJECT : AP Moscow Press Release on Grain
Handling Problems at Soviet Ports

The delays in offloading US grain at Riga and the related difficulties in moving it inland reported in the attached AP dispatch appear to be isolated phenomena. Riga is a minor grain unloading port in terms of the total Soviet unloading/clearance facilities for grain. It represents probably less than 10 percent of the overall unloading capability. There are apparently no delays at other grain unloading ports as operations at Odessa and other Black Sea ports where most of the grain is to be handled are reported to be going smoothly. In conclusion, the reported Riga situation may well be true but, if so, is probably only a local small-scale dislocation which may be exaggerated by mutual recriminations of dockers and railroaders.

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Director
Economic Research

Attachment:
As stated

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Grain Tied Up in Soviet Ports

MOSCOW (AP) — The Soviet Union, forced by bad weather and poor management to turn to America for wheat, can't get the grain from its ports to the nation's flour mills.

And once again, management is the culprit.

With more than \$1 billion worth of grain — including 20 million tons of U.S. wheat — destined to come through Soviet ports, the authorities have taken the problem to the people, evidently hoping the guilty parties will heed the warning.

Grain ships, it was revealed, are lined up outside the Baltic

port of Riga waiting to unload. "Why?" demanded the government newspaper on maritime affairs, Vodny Transport.

Simple, said Riga's dock workers. Often there's nowhere to put the grain.

The stevedors complained that railway managers had delivered in the first half of this month only 41 percent of the freight cars required to transport the foreign grain.

The ones they did get, the dockers added, were unsuitable — they had the wrong covers.

The result was a national grain leakage — freight trains

rolling across the Soviet Union spilling a trail of American grain behind them.

Railway workers criticized those responsible for the paper work necessary to move cars out of ports.

Calling documentation a "painful question," Vodny Transport said it took longer to process the papers than to load up the cars with grain.

Railway traffic controllers, Vodney Transport said, were shipping the freight cars to the ports only when their timetables called for them, not when they were needed.

Knowledgeable, diplomatic

observers say Riga is not the only port experiencing such difficulties.

Grain ships are arriving at nearly all Soviet ports, from the Baltic to the Black Sea and the far-eastern Pacific ports, and the situation is reportedly much the same.

If the Russians fail to correct the situation, economic experts noted, the delays could also become an American headache with thousands of tons of wheat sitting in U.S. ports waiting for their Soviet-bound freighters.